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VIA ECFS

March 23, 2018

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Attention: Chief, Wireline Competition Bureau

**Re: Allband Communications Cooperative Petition for Waiver of Certain High-Cost Universal Service Rules
Connect America Fund, WC Docket No. 10-90**

Dear Ms. Dortch:

Pursuant to the conditions set forth in the Wireline Competition Bureau's 2018 Allband Waiver Order,¹ JSI hereby submits consolidated 2016 audited financial statements for Allband Communications Cooperative and Allband Multimedia LLC with notes. Also provided is a summary of interest payments and remaining principal on all outstanding loans, to include information regarding loan restructure.

Inquiries may be directed to the undersigned consultant for Allband.

Sincerely,

John Kuykendall
Vice President
jkuykendall@jsitel.com

Attachment

¹ *In the Matter of Connect America Fund, Allband Communications Cooperative Petition for Waiver of Certain High-Cost Universal Service Rules*, WC Docket No. 10-90, DA 18-177 rel. Feb. 22, 2018 ("2018 Allband Waiver Order"), Para. 21.

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES
(A Michigan Mutual Company)

CURRAN, MICHIGAN

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Allband Communications Cooperative and Subsidiaries
7251 Cemetery Road
Curran, Michigan 48728

We have audited the accompanying financial statements of ALLBAND COMMUNICATIONS COOPERATIVE (the Cooperative), its wholly-owned subsidiary ALLBAND MULTIMEDIA, LLC (A Michigan Mutual Company), and its wholly-controlled subsidiary ALLBAND CENTER FOR EDUCATION, WILDLIFE & RESEARCH (A Michigan Nonprofit Organization), which comprise the consolidated balance sheet as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

Board of Directors
Allband Communications Cooperative

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Allband Communications Cooperative and its wholly-owned and wholly-controlled subsidiaries as of December 31, 2016 and 2015, and the results of its consolidated operations, changes in members' equity and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Cooperative will continue as a going concern. As discussed in Note 12 to the financial statements, the FCC denied the Cooperative a continued waiver of section 54.302 of the Commission's rules and denied a review of the Wireless Competition Bureau's July 25, 2015, waiver grant. This decision has significantly decreased the cooperative's cash flow and raises substantial doubt about its ability to continue as a going concern. Management's plans regarding this matter are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on pages 17 through 26 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Board of Directors
Allband Communications Cooperative

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 21, 2018, on our consideration of Allband Communications Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Allband Communications Cooperative's internal control over financial reporting and compliance.

Respectfully submitted,

Lally Group, PC
Jackson, Michigan

February 21, 2018

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES
(A Michigan Mutual Company)
CURRAN, MICHIGAN

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 81,829	\$ 160,691
Accounts receivable - telecommunications	136,005	243,378
Materials and supplies	493,765	509,146
Loan origination fees - current	2,750	2,750
Prepaid taxes	0	43,752
Prepaid income taxes	11,248	42,943
Other prepaid expenses	23,190	20,920
Note receivable - current portion	908	0
Total current assets	<u>749,695</u>	<u>1,023,580</u>
NONCURRENT ASSETS:		
Deferred loan costs	22,687	25,437
Note receivable - noncurrent portion	839	0
Total noncurrent assets	<u>23,526</u>	<u>25,437</u>
PROPERTY, PLANT, AND EQUIPMENT:		
Telecommunications plant under construction	50,280	53,693
Telecommunications plant in service	7,228,777	7,094,677
Leased property, plant, and equipment	1,343,478	0
	<u>8,622,535</u>	<u>7,148,370</u>
Less: Accumulated depreciation	3,279,154	2,815,425
Net book value	<u>5,343,381</u>	<u>4,332,945</u>
 Total assets	 <u><u>\$ 6,116,602</u></u>	 <u><u>\$ 5,381,962</u></u>

(The accompanying notes are an integral part of these financial statements)

LIABILITIES AND MEMBERS' EQUITY

	2016	2015
CURRENT LIABILITIES:		
Current portion - RUS mortgage notes	\$ 66,808	\$ 389,389
Current portion - other notes payable	5,736	0
Accounts payable	123,309	21,046
Accrued interest	6,379	0
Accrued taxes and expenses	20,003	30,775
Security deposits	11,908	16,008
Total current liabilities	<u>234,143</u>	<u>457,218</u>
OTHER LONG-TERM LIABILITIES:		
Deferred grant revenue	365,847	386,391
Capital lease	1,276,176	0
Total other long-term liabilities	<u>1,642,023</u>	<u>386,391</u>
LONG-TERM DEBT - less current portion:		
RUS mortgage notes	4,919,458	4,995,009
Other notes payable	65,514	0
Total long-term debt	<u>4,984,972</u>	<u>4,995,009</u>
Total liabilities	<u>6,861,138</u>	<u>5,838,618</u>
MEMBERS' EQUITY:		
Memberships issued	3,280	3,140
Non-Patronage capital (deficit)	(58,934)	92,914
Patronage capital (deficit)	(688,882)	(552,710)
Total members' equity (deficit)	<u>(744,536)</u>	<u>(456,656)</u>
Total liabilities and members' equity	<u><u>\$ 6,116,602</u></u>	<u><u>\$ 5,381,962</u></u>

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Wireline	\$ 948,869	\$ 1,373,866
Long distance	10,746	9,146
Internet revenue	617,591	549,758
Miscellaneous	4,735	7,295
Total operating revenues	<u>1,581,941</u>	<u>1,940,065</u>
OPERATING EXPENSES:		
Plant specific operations	238,382	278,033
Plant nonspecific operations	88,836	212,458
Depreciation and amortization	469,106	377,088
Customer operations	188,243	212,398
Corporate operations	431,148	474,708
Total operating expenses	<u>1,415,715</u>	<u>1,554,685</u>
GROSS OPERATING INCOME (LOSS)	166,226	385,380
OPERATING TAXES:		
Other operating taxes (refund)	<u>74,075</u>	<u>(43,612)</u>
OPERATING INCOME (LOSS)	<u>92,151</u>	<u>428,992</u>
NONOPERATING INCOME (DEDUCTIONS):		
Interest income	129	0
Interest expense - RUS	(252,482)	(279,297)
Interest expense - other	(85,263)	(7,775)
Federal income tax	0	(750)
State income tax	0	(100)
Other income (expense)	(43,305)	369
Other non-regulated income (expense)	749	(1,525)
Total nonoperating income (deductions)	<u>(380,172)</u>	<u>(289,078)</u>
NET INCOME (LOSS)	<u>\$ (288,021)</u>	<u>\$ 139,914</u>

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	MEMBERSHIP	PATRONAGE CAPITAL (DEFICIT)	NON- PATRONAGE CAPITAL (DEFICIT)	TOTAL
BALANCE - JANUARY 1, 2015	\$ 3,100	\$ (709,879)	\$ 110,169	\$ (596,610)
Memberships - net	40			40
Allband Communications Cooperative		153,485		153,485
Allband Multimedia, LLC		3,684	(17,255)	(13,571)
BALANCE - DECEMBER 31, 2015	3,140	(552,710)	92,914	(456,656)
Memberships - net	140			140
Allband Communications Cooperative		(136,273)	878	(135,395)
Allband Multimedia, LLC		101	(148,959)	(148,858)
ACEWR			(3,767)	(3,767)
BALANCE - DECEMBER 31, 2016	<u>\$ 3,280</u>	<u>\$ (688,882)</u>	<u>\$ (58,934)</u>	<u>\$ (744,536)</u>

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING ACTIVITIES:		
Net income (loss)	\$ (288,021)	\$ 139,914
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and Amortization	470,601	377,088
(Gain) loss from disposal of capital lease	37,081	0
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	107,373	(28,659)
Materials and supplies	15,381	22,551
Prepaid taxes	43,752	(43,752)
Prepaid income taxes	31,695	(42,943)
Other prepaid expenses	(2,270)	(19,701)
Increase (Decrease) in:		
Accounts payable	102,263	(194,031)
Accrued interest	6,379	0
Accrued taxes and expenses	(10,772)	7,189
Accrued income tax	0	(54,158)
Security deposits	(4,100)	8,529
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>509,362</u>	<u>172,027</u>
INVESTING ACTIVITIES:		
Purchase of property, plant, and equipment	(151,333)	(359,674)
Proceeds from sale of property, plant, and equipment	100	0
Issuance of notes receivable	(1,905)	0
Payments received on notes receivable	<u>158</u>	<u>0</u>
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>(152,980)</u>	<u>(359,674)</u>
FINANCING ACTIVITIES:		
Increase in memberships	140	40
Proceeds from other long-term debt borrowings	71,250	0
Proceeds from grant	0	602,892
Payments on capital leases	(108,502)	0
Principal payments on long-term debt	<u>(398,132)</u>	<u>(670,554)</u>
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>(435,244)</u>	<u>(67,622)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(78,862)	(255,269)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>160,691</u>	<u>415,960</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 81,829</u>	<u>\$ 160,691</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ 331,364	\$ 287,072
Income taxes paid	\$ 0	\$ 0
Leased property, plant and equipment	\$ 1,343,478	\$ 0
Leased equipment payable	\$ (1,343,478)	\$ 0

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Allband Communications Cooperative and subsidiaries (herein referred to as "the Cooperative") provides telecommunication services to member subscribers in the northeast portion of the lower peninsula of Michigan.

The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Public Service Commission of Michigan, which conform to accounting principles generally accepted in the United States of America (US GAAP).

The consolidated financial statements include the accounts of the Cooperative and its wholly-owned subsidiary, Allband Multimedia, LLC (Allband Multimedia), and its wholly-controlled subsidiary Allband Center for Education, Wildlife & Research (ACEWR).

Allband Multimedia was formed to provide VOIP and internet service to areas outside of the Cooperative's regulated telephone area.

ACEWR is a non-profit organization, whose purpose is to benefit people and their environment, through such means as expanding access to technology in underdeveloped areas, enhancing economic development and health care, and improving wildlife and habitat management in rural areas. ACEWR shares a board of directors and management with the Cooperative.

All material intercompany accounts and transactions are eliminated in consolidation.

Concentrations of Credit Risk -

The Cooperative grants credit to member subscribers, substantially all of whom are located in the Curran, Michigan area. The Cooperative will also grant credit to connecting toll companies located throughout the United States.

The Cooperative received 85% of its 2016 revenues from access revenues and assistance provided by the Federal Universal Services Fund. As a result of the Telecommunications Act of 1996, the manner in which access revenues and Universal Service Funds are determined is currently being modified by regulatory bodies. The FCC adopted an order reforming the Universal Service Fund and Intercarrier Compensation. The details of that order have been released over time and some pieces are still open to further rulemaking or review. However, we believe that there is concern our revenues from these sources will be drastically reduced during the ensuing years. The Cooperative has filed a waiver with the FCC challenging the new order and its effect on rural telephone companies. At this time, the results of this waiver are not able to be known or accounted for in the current year.

Use of Estimates -

The process of preparing financial statements in conformity with US GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(See Independent Auditor's Report)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and Cash Equivalents -

The Cooperative classifies all investments that mature in three months or less as cash equivalents.

Accounts Receivable -

Accounts receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis, thus accounts receivable do not bear interest. Accounts receivable are periodically evaluated for collectability based on past credit history with customers. An allowance for bad debts of \$24,371 and \$18,600 was recorded by management as of December 31, 2016 and 2015, respectively.

Materials and Supplies -

All materials and supplies are valued at the lower of cost or current market value on the specific identification basis. Materials and supplies consist primarily of fiber cable purchased for future plant construction.

Telephone Plant and Depreciation -

Telephone plant in service and under construction is capitalized at original cost. The Cooperative provided for depreciation on a straight-line basis at annual rates which will amortize the depreciable property over its estimated useful life.

At the time the plant is retired, the retirements credited to telephone plant together with removal costs less salvage are charged to the depreciation reserve unless the retirement is of an extraordinary or abnormal nature.

No gains or losses are recognized in connection with routine retirements of depreciable property. Repairs and renewals of minor items of property are included in plant specific operations expense.

When property, plant and equipment is acquired through a capital lease agreement, it is included in a property, plant and equipment asset account with corresponding depreciation expense and accumulated depreciation. Depreciation is recognized under the same method as the other assets described above, with no salvage value. Any gains or losses recognized in connection with the retirement of leased property, plant and equipment are recorded in other non-regulated income (expense).

Deferred Loan Costs -

Deferred loan costs are amortized on a straight-line basis over the term of the loan. Amortization of deferred loan costs is expected to be \$2,750 for each of the next five years.

Revenue Recognition -

Toll service revenues, access revenues, and local service revenues are recognized when earned, regardless of the period in which they are billed.

(See Independent Auditor's Report)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue Recognition (Continued) -

The Cooperative receives interstate settlements from the National Exchange Carrier Association (NECA) for providing access service. Interstate access settlements are based on average nationwide settlements. Intrastate rates are set based upon interstate rates.

Maintenance -

Accounting for maintenance and repairs was in conformity with the Uniform System of Accounts prescribed by the Michigan Public Service Commission.

NOTE 2 - WIRELINE REVENUE:

Wireline revenue consisted of the following at December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Customer	\$ 24,815	\$ 22,485
Intercarrier:		
Interstate	376,746	418,198
Intrastate	32,257	37,122
Universal Service Fund - Federal	508,990	890,000
Universal Service Fund - State	6,061	6,061
Total wireline revenue	<u>\$ 948,869</u>	<u>\$1,373,866</u>

NOTE 3 - INVESTMENT IN TELEPHONE PLANT AND CABLE ASSETS:

Telephone plant in service was stated at cost. Listed below are the major classes of the telephone plant as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 9,887	\$ 9,887
Buildings	280,222	280,222
General purpose computers	11,933	11,933
Office equipment	21,473	21,473
Network equipment	898,667	877,591
Cable	5,835,379	5,793,505
Vehicles	76,188	47,288
Other work equipment	95,028	52,778
Telephone plant in service	<u>\$7,228,777</u>	<u>\$7,094,677</u>

Leased Property, Plant, and Equipment -

On January 1, 2016, the Cooperative re-measured its lease agreements and determined the buildings and equipment leased from Northeast Michigan Drilling and Development, Inc. (NEMDD) had met the requirements to be classified as capital leases.

(See Independent Auditors' Report)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - INVESTMENT IN TELEPHONE PLANT AND CABLE ASSETS (Continued):

Leased Property, Plant, and Equipment (Continued) -

Beginning in January 2017, the Cooperative has deferred payment on all lease agreements with NEMDD. These deferrals have currently been extended through February 2018, with the term of the leases being extended by 52 months. The lease agreements have been re-measured as of December 31, 2016 to include the extensions through February 21, 2018, the date the financial statements were available for release. The Cooperative valued the leased assets using the present value of future lease payments, with an imputed interest rate of 6%.

As of December 31, 2016, the value of the leased property, plant and equipment was:

	<u>2016</u>
Vehicles	\$ 150,766
Other work equipment	167,193
Buildings	978,856
Other equipment	<u>46,663</u>
Leased property, plant, and equipment	<u>\$1,343,478</u>

Depreciation

The Cooperative provided for depreciation on a straight-line basis at annual rates, which will amortize the depreciable property over its estimated useful life. The projected composite depreciation rate is approximately 5.3% during the first six years. Estimated useful life for the major asset classes are as follows:

Buildings	20 Years
General purpose computers	10 Years
Network equipment	10 Years
Cable	22 Years
Other work equipment	15 Years

NOTE 4 - LONG-TERM DEBT:

U.S. Rural Utilities Service -

The total amount of long-term debt through notes payable from the U.S. Rural Utilities Service (RUS) at December 31, 2016 and 2015, consisted of the following:

	<u>2016</u>	<u>2015</u>
Total principal outstanding	\$4,986,266	\$5,384,398
Less: Current maturities	<u>66,808</u>	<u>389,389</u>
Total long-term debt	<u>\$4,919,458</u>	<u>\$4,995,009</u>

The Cooperative has multiple notes payable to the RUS. The notes are collateralized by substantially all of the telephone plant. The loan allowed draws until August 2012, with a total loan amount of \$8,067,000; the interest rate on the loan is 5% per annum.

(See Independent Auditors' Report)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM DEBT (Continued):

U.S. Rural Utilities Service (Continued) -

The mortgage to the United States of America, underlying the RUS notes, contains certain restrictions on the declaration or payment of cash dividends, redemption of capital stock, or investment in affiliated companies except as might be specifically authorized in writing in advance by the RUS note holders.

Under the provisions of the loan contract, advances of loan funds shall be deposited in a special construction account and held in trust for the government until disbursed. The loan contract restricts disbursements to such expenditures as RUS may authorize. All payments from the trust accounts are subject to RUS approval.

At December 31, 2016, the Cooperative did not meet the minimum times interest earned ratio (TIER) as defined in Section 5.12 of the RUS loan agreement. The minimum TIER ratio was met at December 31, 2015.

The Cooperative was granted an interest only payment waiver beginning in March 2017. The current waiver expires after February 2018, with principal payments required beginning in March 2018.

Scheduled maturities of existing RUS long-term debt for each of the next five years are as follows:

2017	\$ 66,808
2018	\$342,503
2019	\$430,252
2020	\$452,265
2021	\$475,404

Northeast Michigan Drilling and Development, Inc. (NEMDD) -

In December 2016, the Cooperative purchased a vehicle and other work equipment from NEMDD in the amount of \$71,250. The Cooperative financed this purchase with a 60-month promissory note. The interest rate on the loan is 11% per annum, with payment in full due on or before January 1, 2022.

Through February 21, 2018, the date the financial statements were available for release, the Cooperative has been permitted to make interest only payments on the loan.

Scheduled maturities of the note from NEMDD for each of the next five years are as follows:

2017	\$ 5,735
2018	\$11,154
2019	\$14,738
2020	\$16,431
2021	\$18,345

(See Independent Auditor's Report)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - CAPITAL LEASES:

As described in Note 3 above, the Cooperative re-measured its lease agreements with NEMDD as of January 1, 2016, to determine that the lease agreements have met the requirements to be classified as capital leases. Subsequently, due to the deferral of payments through February 2018 and the extension of all leases by 52 months, the lease agreements were subsequently re-measured at December 31, 2016. The imputed interest rate on all capital leases is 6%.

Future minimum lease payments due under this lease are as follows:

2017	\$ 0
2018	125,581
2019	152,632
2020	154,935
2021	157,304
2022 and after	<u>1,515,604</u>
	2,106,056
Amount representing interest	<u>(829,880)</u>
Present value of minimum lease payments	<u>\$ 1,276,176</u>

Interest expense on the capital lease obligations was \$86,523 for the year ended December 31, 2016.

NOTE 6 - FEDERAL INCOME TAX STATUS:

This Cooperative operates as a tax-exempt corporation as defined by the United States Treasury, Internal Revenue Code Section 501(c)(12). One of these requirements is that the Cooperative must obtain 85% or more of their gross revenues from members. The Cooperative did not meet this requirement for the years ended December 31, 2016 and 2015, and is required to file a U.S. Corporation Income Tax Return.

The Cooperative files a consolidated U.S. Corporation Income Tax Return with its wholly-owned subsidiary, Allband Multimedia.

The statute of limitations is generally three years for federal returns.

The Cooperative has determined its provision for federal income tax to amount to \$0 and \$750 for 2016 and 2015, respectively.

NOTE 7 - STATE INCOME TAX STATUS:

As a result of not meeting the requirement of obtaining 85% of gross revenues from members (see Note 6), the Cooperative is required to file a Michigan Corporate Income Tax Return for the years ended December 31, 2016 and 2015.

The Cooperative files a consolidated Michigan Corporate Income Tax Return with its wholly owned subsidiary, Allband Multimedia.

(See Independent Auditor's Report)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - STATE INCOME TAX STATUS (Continued):

The statute of limitations is generally four years for Michigan returns.

The Cooperative has determined its provision for state income tax to amount to \$0 and \$100 for 2016 and 2015, respectively.

NOTE 8 - ARRA GRANT:

During 2010, Allband Communications Cooperative was awarded two grants as part of the USDA's Broadband Initiatives Program. The total of these grants is \$9,730,657. The funds are to be used to provide internet service to unserved areas within 3 years. As of December 31, 2016, the Cooperative has no plant under construction pertaining to ARRA, assets in service pertaining to ARRA in the amount of \$9,206,476, inventory pertaining to ARRA of \$365,847 and has received \$9,572,323 in grant receipts.

NOTE 9 - ADDITIONAL DISCLOSURES:

Increasing pressure on the Federal Communications Commission from long distance carriers has created several changes in the way local service providers are compensated for the use of their networks. Over the past decade, the FCC has issued orders that focused on redistributing revenue requirements from the access arena to local services over time. The end result has been and will continue to be higher local service rates to subscribers.

The FCC has also issued orders that will ultimately eliminate local service subsidies for voice services and move those subsidies to broadband services. The Cooperative has already moved a substantial portion of the outside plant to fiber and will continue to make substantial investments in the network to meet FCC guidelines.

NOTE 10 - FINANCIAL STATEMENT PRESENTATION

Certain accounts for 2016 have been reclassified to conform to the current year presentation of revenues and operating expense. The reclassifications have no effect on the net income for 2015.

NOTE 11 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events and transactions for potential recognition or disclosure through February 21, 2018, the date the financial statements were available to be issued. Subsequent to year-end, the Cooperative was granted an interest-only waiver from the U.S. Rural Utilities Services on its outstanding note payable, was permitted to make interest-only payments on the outstanding note payable to Northeast Michigan Drilling and Development, Inc., and had payments on capital leases to Northeast Michigan Drilling and Development, Inc. deferred. See Notes 3 and 5 for additional information. The status of future waiver and deferral requests are currently unknown.

(See Independent Auditor's Report)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - GOING CONCERN:

On July 22, 2016, the FCC denied the Cooperative a continued waiver of section 54.302 of the Commission's rules and denied a review of the Wireless Competition Bureau's July 25, 2015, waiver grant. This decision has decrease the cooperative's monthly revenue significantly. Management has adjusted operating expenses and continues its discussions with RUS regarding future loan payments. Management continues to seek approval of a new waiver from the FCC. The ability of the cooperative to continue as a going concern and meet its obligations as they become due is dependent on the Cooperative's ability to stay within budget, adjust future loan payments, and to generate a net operating profit or a loss that does not exceed the net cash and investment balance. The financial statements do not include any adjustment that might be necessary if the Cooperative is unable to continue as a going concern.

(See Independent Auditor's Report)

SUPPLEMENTARY INFORMATION

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES
(A Michigan Mutual Company)
CURRAN, MICHIGAN

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2016

ASSETS

	Allband Communications Cooperative	Allband Multimedia, LLC	ACEWR	Eliminations	Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	\$ 67,040	\$ 14,789	\$ 0	\$ 0	\$ 81,829
Accounts receivable - telecommunications	76,274	59,731			136,005
Accounts receivable - affiliate	280,360			280,360	0
Materials and supplies	493,765				493,765
Loan origination fees - current	2,750				2,750
Prepaid taxes					0
Prepaid income taxes	11,248				11,248
Other prepaid expenses	16,265	6,925			23,190
Note receivable - current		908			908
Total current assets	<u>947,702</u>	<u>82,353</u>	<u>0</u>	<u>280,360</u>	<u>749,695</u>
NONCURRENT ASSETS:					
Deferred loan costs	22,687				22,687
Note receivable - noncurrent		839			839
Investment - affiliated	(109,761)			(109,761)	0
Total noncurrent assets	<u>(87,074)</u>	<u>839</u>	<u>0</u>	<u>(109,761)</u>	<u>23,526</u>
PROPERTY, PLANT, AND EQUIPMENT:					
Telecommunications plant under construction	50,280				50,280
Telecommunications plant in service	7,126,185	102,592			7,228,777
Leased property, plant and equipment	1,343,478				1,343,478
	<u>8,519,943</u>	<u>102,592</u>	<u>0</u>	<u>0</u>	<u>8,622,535</u>
Less: Accumulated depreciation	3,275,917	3,237			3,279,154
Net book value	<u>5,244,026</u>	<u>99,355</u>	<u>0</u>	<u>0</u>	<u>5,343,381</u>
Total assets	<u>\$ 6,104,654</u>	<u>\$ 182,547</u>	<u>\$ 0</u>	<u>\$ 170,599</u>	<u>\$ 6,116,602</u>

(The accompanying notes are an integral part of these financial statements)

LIABILITIES AND MEMBERS' EQUITY

	Allband Communications Cooperative	Allband Multimedia, LLC	ACEWR	Eliminations	Consolidated
CURRENT LIABILITIES:					
Current portion - RUS mortgage notes	\$ 66,808	\$ 0	\$ 0	\$ 0	\$ 66,808
Current portion - Other notes payable	5,736				5,736
Accounts payable	123,309				123,309
Accounts payable - affiliate		276,593	3,767	280,360	0
Accrued interest	6,379				6,379
Accrued taxes and expenses	16,046	3,957			20,003
Security deposits	150	11,758			11,908
Total current liabilities	<u>218,428</u>	<u>292,308</u>	<u>3,767</u>	<u>280,360</u>	<u>234,143</u>
OTHER LONG-TERM LIABILITIES:					
Deferred grant revenue	365,847				365,847
Capital lease	1,276,176				1,276,176
Total other long-term liabilities	<u>1,642,023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,642,023</u>
LONG-TERM DEBT - less current portion:					
RUS mortgage notes	4,919,458				4,919,458
Other notes payable	65,514				65,514
Total long-term debt	<u>4,984,972</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,984,972</u>
Total liabilities	<u>6,845,423</u>	<u>292,308</u>	<u>3,767</u>	<u>280,360</u>	<u>6,861,138</u>
MEMBERS' EQUITY:					
Memberships issued	3,280				3,280
Non-Patronage capital (deficit)	(55,167)	(56,046)	(3,767)	(56,046)	(58,934)
Patronage capital (deficit)	(688,882)	(53,715)		(53,715)	(688,882)
Total members' equity (deficit)	<u>(740,769)</u>	<u>(109,761)</u>	<u>(3,767)</u>	<u>(109,761)</u>	<u>(744,536)</u>
Total liabilities and members' equity	<u>\$ 6,104,654</u>	<u>\$ 182,547</u>	<u>\$ 0</u>	<u>\$ 170,599</u>	<u>\$ 6,116,602</u>

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Allband Communications Cooperative	Allband Multimedia, LLC	ACEWR	Eliminations	Consolidated
OPERATING REVENUES:					
Wireline	\$ 948,869	\$ 0	\$ 0	\$ 0	\$ 948,869
Long distance	10,746				10,746
Internet		617,591			617,591
Miscellaneous	122,422			117,687	4,735
Total operating revenues	<u>1,082,037</u>	<u>617,591</u>	<u></u>	<u>117,687</u>	<u>1,581,941</u>
OPERATING EXPENSES:					
Plant specific operations	57,410	232,218	42	51,288	238,382
Plant nonspecific operations	50,472	104,763		66,399	88,836
Depreciation and amortization	397,598	71,408	100		469,106
Customer operations	34,967	153,257	19		188,243
Corporate operations	287,521	140,129	3,498		431,148
Total operating expenses	<u>827,968</u>	<u>701,775</u>	<u>3,659</u>	<u>117,687</u>	<u>1,415,715</u>
GROSS OPERATING INCOME (LOSS)	254,069	(84,184)	(3,659)	0	166,226
OPERATING TAXES:					
Other operating taxes (refund)	<u>74,075</u>	<u></u>	<u></u>	<u></u>	<u>74,075</u>
OPERATING INCOME (LOSS)	<u>179,994</u>	<u>(84,184)</u>	<u>(3,659)</u>	<u>0</u>	<u>92,151</u>
NONOPERATING INCOME (DEDUCTIONS):					
Interest income	129				129
Interest expense - RUS	(252,482)				(252,482)
Interest expense - other	(20,481)	(64,674)	(108)		(85,263)
Income (loss) from affiliate	(148,858)			(148,858)	0
Federal income tax					0
State income tax					0
Other income (expense)	(43,305)				(43,305)
Other non-regulated income (expense)	749				749
Total nonoperating income (deductions)	<u>(464,248)</u>	<u>(64,674)</u>	<u>(108)</u>	<u>(148,858)</u>	<u>(380,172)</u>
NET INCOME (LOSS)	<u>\$ (284,254)</u>	<u>\$ (148,858)</u>	<u>\$ (3,767)</u>	<u>\$ (148,858)</u>	<u>\$ (288,021)</u>

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Allband Communications Cooperative	Allband Multimedia, LLC	ACEWR	Eliminations	Consolidated
OPERATING ACTIVITIES:					
Net income (loss)	\$ (284,254)	\$ (148,858)	\$ (3,767)	\$ (148,858)	\$ (288,021)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	467,364	71,408	100	68,271	470,601
(Gain) Loss from investment in affiliate	148,858			148,858	0
(Gain) Loss from disposal of capital lease	37,081				37,081
Changes in operating assets and liabilities:					
(Increase) Decrease in:					
Accounts receivable	101,282	6,091			107,373
Accounts receivable affiliate	(174,102)			(174,102)	0
Materials and supplies	15,381				15,381
Prepaid taxes	43,752				43,752
Prepaid income taxes	31,695				31,695
Other prepaid expenses	4,655	(6,925)			(2,270)
Increase (Decrease) in:					0
Accounts payable	102,263				102,263
Accounts payable - related party		102,164	3,667	105,831	0
Accrued interest	6,379				6,379
Accrued taxes and expenses	(10,529)	(243)			(10,772)
Accrued income tax					0
Security deposits	0	(4,100)			(4,100)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	489,825	19,537	0	0	509,362

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Allband Communications Cooperative	Allband Multimedia, LLC	ACEWR	Eliminations	Consolidated
INVESTING ACTIVITIES:					
Purchase of property, plant, and equipment	(123,308)	(28,025)			(151,333)
Proceeds from sale of property, plant and equipment	100				100
Issuance of notes receivable		(1,905)			(1,905)
Payments received on notes receivable		158			158
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(123,208)	(29,772)	0	0	(152,980)
FINANCING ACTIVITIES:					
Increase in memberships	140				140
Proceeds from other long-term debt borrowings	71,250				71,250
Proceeds from grant					0
Payments on capital lease	(108,502)				(108,502)
Principal payments on long-term debt	(398,132)				(398,132)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(435,244)	0	0	0	(435,244)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,627)	(10,235)	0	0	(78,862)
CASH AND CASH EQUIVALENTS - BEGINNING	135,667	25,024	0		160,691
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 67,040</u>	<u>\$ 14,789</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 81,829</u>
SUPPLEMENTAL DISCLOSURES:					
Interest paid (\$0 capitalized)	\$ 271,360	\$ 59,904	\$ 100	\$ 0	\$ 331,364
Income taxes paid	\$ (45,955)	\$ 0	\$ 0	\$ 0	\$ (45,955)
Leased property, plant, and equipment	\$ 1,343,478	\$ 0	\$ 0	\$ 0	\$ 1,343,478
Leased equipment payable	\$ (1,343,478)	\$ 0	\$ 0	\$ 0	\$ (1,343,478)

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES
(A Michigan Mutual Company)
CURRAN, MICHIGAN

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2015

ASSETS

	Allband Communications Cooperative	Allband Multimedia, LLC	ACEWR	Eliminations	Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	\$ 135,667	\$ 25,024	\$ 0	\$ 0	\$ 160,691
Accounts receivable - telecommunications	177,556	65,822			243,378
Accounts receivable - affiliate	106,258			106,258	0
Materials and supplies	509,146				509,146
Loan origination fees - current	2,750				2,750
Prepaid taxes	43,752				43,752
Prepaid income taxes	42,943				42,943
Other prepaid expenses	20,920				20,920
Note receivable - current					0
Total current assets	<u>1,038,992</u>	<u>90,846</u>	<u>0</u>	<u>106,258</u>	<u>1,023,580</u>
NONCURRENT ASSETS:					
Deferred loan cost	25,437				25,437
Note receivable - noncurrent					0
Investment - affiliated	39,097			39,097	0
Total noncurrent assets	<u>64,534</u>	<u>0</u>	<u>0</u>	<u>39,097</u>	<u>25,437</u>
PROPERTY, PLANT, AND EQUIPMENT:					
Telecommunications plant under construction	50,330	3,363			53,693
Telecommunications plant in service	7,023,473	71,204			7,094,677
Leased property, plant, and equipment					0
	<u>7,073,803</u>	<u>74,567</u>	<u>0</u>	<u>0</u>	<u>7,148,370</u>
Less: Accumulated depreciation	2,815,425				2,815,425
Net book value	<u>4,258,378</u>	<u>74,567</u>	<u>0</u>	<u>0</u>	<u>4,332,945</u>
Total assets	<u>\$ 5,361,904</u>	<u>\$ 165,413</u>	<u>\$ 0</u>	<u>\$ 145,355</u>	<u>\$ 5,381,962</u>

(The accompanying notes are an integral part of these financial statements)

LIABILITIES AND MEMBERS' EQUITY

	Allband Communications Cooperative	Allband Multimedia, LLC	ACEWR	Eliminations	Consolidated
CURRENT LIABILITIES:					
Current portion - RUS mortgage notes	\$ 389,389	\$ 0	\$ 0	\$ 0	\$ 389,389
Accounts payable	21,046				21,046
Accounts payable - affiliate		106,258		106,258	0
Accrued interest					0
Accrued taxes and expenses	26,575	4,200			30,775
Security deposits	150	15,858			16,008
Total current liabilities	<u>437,160</u>	<u>126,316</u>	<u>0</u>	<u>106,258</u>	<u>457,218</u>
OTHER LONG-TERM LIABILITIES:					
Deferred grant revenue	386,391				386,391
Capital lease					0
Total other long-term liabilities	<u>386,391</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>386,391</u>
LONG-TERM DEBT - less current portion:					
RUS mortgage notes	4,995,009				4,995,009
Other notes payable					0
Total long-term debt	<u>4,995,009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,995,009</u>
Total liabilities	<u>5,818,560</u>	<u>126,316</u>	<u>0</u>	<u>106,258</u>	<u>5,838,618</u>
MEMBERS' EQUITY:					
Memberships issued	3,140				3,140
Non-Patronage capital (deficit)	92,914	92,913		92,913	92,914
Patronage capital (deficit)	(552,710)	(53,816)		(53,816)	(552,710)
Total members' equity (deficit)	<u>(456,656)</u>	<u>39,097</u>	<u>0</u>	<u>39,097</u>	<u>(456,656)</u>
Total liabilities and members' equity	<u>\$ 5,361,904</u>	<u>\$ 165,413</u>	<u>\$ 0</u>	<u>\$ 145,355</u>	<u>\$ 5,381,962</u>

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Allband Communications Cooperative	Allband Multimedia, LLC	ACEWR	Eliminations	Consolidated
OPERATING REVENUES:					
Wireline	\$ 1,373,866	\$ 0	\$ 0	\$ 0	\$ 1,373,866
Long distance	9,146				9,146
Internet		549,758			549,758
Miscellaneous	51,961			44,666	7,295
Total operating revenues	<u>1,434,973</u>	<u>549,758</u>	<u>0</u>	<u>44,666</u>	<u>1,940,065</u>
OPERATING EXPENSES:					
Plant specific operations	174,861	103,172			278,033
Plant nonspecific operations	66,441	190,683		44,666	212,458
Depreciation and amortization	377,088				377,088
Customer operations	44,087	168,311			212,398
Corporate operations	374,395	100,313			474,708
Total operating expenses	<u>1,036,872</u>	<u>562,479</u>	<u>0</u>	<u>44,666</u>	<u>1,554,685</u>
GROSS OPERATING INCOME (LOSS)	398,101	(12,721)	0	0	385,380
OPERATING TAXES:					
Other operating taxes	<u>(43,612)</u>				<u>(43,612)</u>
OPERATING INCOME (LOSS)	<u>441,713</u>	<u>(12,721)</u>	<u>0</u>	<u>0</u>	<u>428,992</u>
NONOPERATING INCOME (DEDUCTIONS):					
Interest income	0				0
Interest expense - RUS	(279,297)				(279,297)
Interest expense - other	(7,775)				(7,775)
Income (loss) from affiliate	(13,571)			(13,571)	0
Federal income tax		(750)			(750)
State income tax		(100)			(100)
Other income (expense)	369				369
Other non-regulated income (expense)	<u>(1,525)</u>				<u>(1,525)</u>
Total nonoperating income (deductions)	<u>(301,799)</u>	<u>(850)</u>	<u>0</u>	<u>(13,571)</u>	<u>(289,078)</u>
NET INCOME (LOSS)	<u>\$ 139,914</u>	<u>\$ (13,571)</u>	<u>\$ 0</u>	<u>\$ (13,571)</u>	<u>\$ 139,914</u>

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Allband Communications Cooperative	Allband Multimedia, LLC	ACEWR	Eliminations	Consolidated
OPERATING ACTIVITIES:					
Net income (loss)	\$ 139,914	\$ (13,571)	\$ 0	\$ (13,571)	\$ 139,914
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and Amortization	377,088				377,088
(Gain) Loss from investment in affiliate	13,571			13,571	0
(Gain) Loss from disposal of capital lease					0
Changes in operating assets and liabilities:					
(Increase) Decrease in:					
Accounts receivable	(29,704)	1,045			(28,659)
Accounts receivable - affiliate	(86,588)			(86,588)	0
Materials and supplies	50,143			27,592	22,551
Prepaid taxes	(43,752)				(43,752)
Prepaid income taxes	(42,943)				(42,943)
Other prepaid expenses	(19,701)				(19,701)
Increase (Decrease) in:					
Accounts payable	(194,281)	250			(194,031)
Accounts payable - related party		86,588		86,588	0
Accrued interest					0
Accrued taxes and expenses	7,189				7,189
Accrued income tax	(54,158)				(54,158)
Security deposits	150	8,379			8,529
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	116,928	82,691	0	27,592	172,027

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Allband Communications Cooperative	Allband Multimedia, LLC	ACEWR	Eliminations	Consolidated
INVESTING ACTIVITIES:					
Purchase of property, plant, and equipment	(312,699)	(74,567)		(27,592)	(359,674)
Proceeds from sale of property, plant, and equipment					0
Issuance of notes receivable					0
Payments received on notes receivable					0
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>(312,699)</u>	<u>(74,567)</u>	<u>0</u>	<u>(27,592)</u>	<u>\$ (359,674)</u>
FINANCING ACTIVITIES:					
Increase in memberships	40				40
Proceeds from other long-term debt borrowings					0
Proceeds from grant	602,892				602,892
Payments on capital lease					0
Principal payments on long-term debt	<u>(670,554)</u>				<u>(670,554)</u>
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>(67,622)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(67,622)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(263,393)	8,124	0	0	(255,269)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>399,060</u>	<u>16,900</u>	<u>0</u>		<u>415,960</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 135,667</u>	<u>\$ 25,024</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 160,691</u>
SUPPLEMENTAL DISCLOSURES:					
Interest paid (\$0 capitalized)	\$ 287,072	\$ 0	\$ 0	\$ 0	\$ 287,072
Income taxes paid	\$ 0	\$ 97,951	\$ 0	\$ 0	\$ 97,951

(The accompanying notes are an integral part of these financial statements)



LALLY GROUP, PC

Certified Public Accountants

"Trusted Service for a Confident Tomorrow"

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Allband Communications Cooperative and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Allband Communications Cooperative and subsidiaries (collectively referred to as the Cooperative), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related statements of operations, changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Cooperative's internal control to be significant deficiencies:

Board of Directors
Allband Communications Cooperative

- Limited Segregation of Duties

The Cooperative has a limited number of staff working within the accounting functions. While we are not recommending any changes in this area, the situation would dictate that the Cooperative be aware of the potential problems inherent in a Cooperative with such a limited segregation of duties. We recommend that the Board remains closely involved in the oversight of the financial affairs of the Cooperative.

- Financial Statement Preparation

The Cooperative's staff prepares the interim financial statements for management and the board of directors, but relies on assistance from the audit firm in preparing the year-end financial statements and footnotes. Statement on Auditing Standards No. 115 requires communication in writing when a client requires assistance to prepare the year-end financial statements and footnotes for the annual audit report in accordance with accounting principles generally accepted in the United States of America. We do not recommend any changes in this area.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lally Group, PC
Jackson, Michigan

February 21, 2018



LALLY GROUP, PC

Certified Public Accountants

"Trusted Service for a Confident Tomorrow"

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Board of Directors
Allband Communications Cooperative
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH ASPECTS OF CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Allband Communications Cooperative and subsidiaries (collectively referred to as the Cooperative), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 21, 2018. In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2018, on our consideration of The Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. No reports other than the reports referred to above and our findings and recommendations related to our audit have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that the Cooperative failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, Policy on Audits of Rural Utilities Service Borrowers, 1773.33 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below, other than the failed TIER ratio noted in footnote 4. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Cooperative's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. Regarding the items listed below, in connection with our audit, we noted no matters regarding the Cooperative's accounting and records to indicate that the Cooperative did not:

Board of Directors
Allband Communications Cooperative

- Maintain adequate and effective accounting procedures;
- Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;
- Reconcile continuing property records to the controlling general ledger plan accounts;
- Clear construction accounts and accrue depreciation on completed construction;
- Seek approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- Maintain adequate control over materials and supplies;
- Prepare accurate and timely Financial and Operating Reports;
- Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the electrical system;
- Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;
- Record depreciation in accordance with RUS requirements (See RUS Bulletin 183-1, Depreciation Rates and Procedures);
- Comply with the requirement for the detailed schedule of deferred debits and deferred credits; and
- Comply with the requirements for the detailed schedule of investments. None to be listed.

In connection with our audit, there was one matter regarding the Cooperative's accounting and records that needs to be improved or noted.

- As noted in the prior year audit, Allband has fallen behind in their upkeep of continuous property records for plant in service. At the year-end 2016, management still did not have closure on this project. Management continues to work both internally and with outside consultants to bring the continuous property records for plant in service up to date.

This report is intended solely for the information and use of the board of directors, management, and the RUS and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Lally Group, PC
Jackson, Michigan

February 21, 2018

ALLBAND LOAN SUMMARY

As of 3/20/2018, Allband has three loans as listed in the attached summary.

The Reigle Loan is a loan from Allband's President John Reigle, who to this day, has been the only Allband Cooperative Member willing to provide high-risk, unsecured loans to Allband to ensure our financial viability in time of need. Due to the long USAC Review Process and FCC Waiver process and the cash flow impact it had on the Cooperative, Allband required a cash-flow loan to address its payables in a timely manner and to ensure that the Cooperative had operational funds to maintain the high quality of service our residents, businesses and anchor institutions expect, and to meet our carrier of last resort obligations as an Eligible Telecommunications Carrier.

The NEMDD Buyout Loan was arranged with our leasing company to purchase vehicles and equipment needed for plant maintenance, service installations and main line construction when the lease expired. Allband felt that it made sense to purchase the equipment at the Fair Market Value and to continue to use the equipment as these units were a critical part of the Cooperative's Operations.

The RUS loan is our original loan with the USDA Rural Utility Service that funded the construction of our ILEC exchange and its re-payment is dependent on Universal Service Fund Subsidies as demonstrated in our waiver requests. Due to the cash flow disruption placed on Allband in the July 2016 FCC order that capped its support to \$250 per line, Allband and the USDA RUS entered into an interest-only deferment period on March 10, 2017. This deferment was subsequently amended and extended on September 14, 2017 and again recently on March 14, 2018 until May 31, 2018. The most recent extension was approved so that Allband and the USDA could confirm that its support will increase to \$457 per line, per the February 22, 2018 Order and to give both entities time to restructure its loan. Due to principal-payment prohibition rules from the US Government, Allband was unable to provide principal payments to lenders if the US Government was not receiving principal payments. Therefore, both John Reigle and NEMDD agreed to accept interest-only payments while the Cooperative's USDA loan was in deferment, and therefore all three loans will commence principal payments at the same time, which is expected to be in the month of June 2018.

All three loans remain in-tact and to date no restructuring has taken place. Although, it is the intention of the USDA RUS to restructure Allband's loan by its deferment expiration on May 31, 2018, so that Allband can extend the maturity of its loan and arrive at a monthly payment that the Cooperative can afford, so that principal and interest can be paid while again accumulating capital for maintenance and capital investment that will generate new sources of revenue and increase its loops in its ILEC exchange.

As an additional note, Allband recognizes the statement made in the Independent Auditors' Report that the company's continuous property records for plant in service needs to be updated, and the company plans on having this completed by May 20, 2018.

Thank you,

Ron K. Siegel
General Manager
Allband Communications Cooperative
Allband Multimedia, LLC

Allband Communications
Outstanding Loans

3/20/2018

	<u>Outstanding Principal</u>	<u>Outstanding Interest</u>	<u>Interest Paid To Date</u>
Reigle Loan	\$150,000	\$40,893	\$8,182
NEMDD Buyout Lease #1	\$67,612	\$14,719	\$7,677
RUS Loan	\$4,890,042	\$1,309,685	\$312,748

John Loan defer 5 interest 6 months begin 9/30/17 no long term
Allband Communications Cooperative - Amortization Schedule
John Loan

1/2/2017

Principal Balance to Amortize 150,000.00

Interest Rate 11%

Original Term # of payments left 60

Original Payment 1,000.00

New Payment after deferral 3,534.22

Payment Due Date	Total Payment	Principal	Interest	Principal Balance
8/14/2017	-	-	-	150,000.00
9/14/2017	-	-	-	150,000.00
10/14/2017	1,356.16	-	1,356.16	150,000.00
11/14/2017	1,401.37	-	1,401.37	150,000.00
12/14/2017	1,356.16	-	1,356.16	150,000.00
2017	4,113.70	-	4,113.70	
1/14/2018	1,401.37	-	1,401.37	150,000.00
2/14/2018	1,401.37	-	1,401.37	150,000.00
3/14/2018	1,265.75	-	1,265.75	150,000.00
4/14/2018	3,534.22	2,132.85	1,401.37	147,867.15
5/14/2018	3,534.22	2,197.34	1,336.88	145,669.81
6/14/2018	3,534.22	2,173.30	1,360.92	143,496.51
7/14/2018	3,534.22	2,236.85	1,297.37	141,259.65
8/14/2018	3,534.22	2,214.51	1,319.71	139,045.15
9/14/2018	3,534.22	2,235.20	1,299.02	136,809.95
10/14/2018	3,534.22	2,297.31	1,236.91	134,512.64
11/14/2018	3,534.22	2,277.54	1,256.68	132,235.10
12/14/2018	3,534.22	2,338.67	1,195.55	129,896.43
2018	35,876.47	20,103.57	15,772.90	
1/14/2019	3,534.22	2,320.67	1,213.55	127,575.76
2/14/2019	3,534.22	2,342.35	1,191.87	125,233.42
3/14/2019	3,534.22	2,477.46	1,056.76	122,755.96
4/14/2019	3,534.22	2,387.38	1,146.84	120,368.58
5/14/2019	3,534.22	2,445.96	1,088.26	117,922.63
6/14/2019	3,534.22	2,432.53	1,101.69	115,490.10
7/14/2019	3,534.22	2,490.06	1,044.16	113,000.03
8/14/2019	3,534.22	2,478.52	1,055.70	110,521.51
9/14/2019	3,534.22	2,501.68	1,032.54	108,019.84
10/14/2019	3,534.22	2,557.60	976.62	105,462.23
11/14/2019	3,534.22	2,548.94	985.28	102,913.29
12/14/2019	3,534.22	2,603.77	930.45	100,309.52

2019		42,410.64	29,586.91	12,823.73	
	1/14/2020	3,534.22	2,599.64	934.58	97,709.88
	2/14/2020	3,534.22	2,623.86	910.36	95,086.01
	3/14/2020	3,534.22	2,705.46	828.76	92,380.55
	4/14/2020	3,534.22	2,673.52	860.70	89,707.03
	5/14/2020	3,534.22	2,725.39	808.83	86,981.65
	6/14/2020	3,534.22	2,723.82	810.40	84,257.83
	7/14/2020	3,534.22	2,774.52	759.70	81,483.31
	8/14/2020	3,534.22	2,775.04	759.18	78,708.27
	9/14/2020	3,534.22	2,800.90	733.32	75,907.37
	10/14/2020	3,534.22	2,849.81	684.41	73,057.56
	11/14/2020	3,534.22	2,853.55	680.67	70,204.01
	12/14/2020	3,534.22	2,901.23	632.99	67,302.78
2020		42,410.64	33,006.74	9,403.90	
	1/14/2021	3,534.22	2,905.45	628.77	64,397.33
	2/14/2021	3,534.22	2,932.59	601.63	61,464.74
	3/14/2021	3,534.22	3,015.56	518.66	58,449.18
	4/14/2021	3,534.22	2,988.16	546.06	55,461.02
	5/14/2021	3,534.22	3,032.79	501.43	52,428.23
	6/14/2021	3,534.22	3,044.41	489.81	49,383.82
	7/14/2021	3,534.22	3,087.74	446.48	46,296.08
	8/14/2021	3,534.22	3,101.70	432.52	43,194.38
	9/14/2021	3,534.22	3,130.68	403.54	40,063.71
	10/14/2021	3,534.22	3,172.00	362.22	36,891.71
	11/14/2021	3,534.22	3,189.56	344.66	33,702.14
	12/14/2021	3,534.22	3,229.52	304.70	30,472.63
2021		42,410.64	36,830.15	5,580.49	
	1/14/2022	3,534.22	3,249.53	284.69	27,223.10
	2/14/2022	3,534.22	3,279.89	254.33	23,943.21
	3/14/2022	3,534.22	3,332.18	202.04	20,611.03
	4/14/2022	3,534.22	3,341.66	192.56	17,269.37
	5/14/2022	3,534.22	3,378.09	156.13	13,891.28
	6/14/2022	3,534.22	3,404.44	129.78	10,486.84
	7/14/2022	3,534.22	3,439.41	94.81	7,047.43
	8/14/2022	3,432.97	3,367.13	65.84	3,680.30
		28,172.51	26,792.32	1,380.19	
			146,319.70	49,074.91	

RUS Loan defer 6 interest 6 months begin 3/31/17 no long term
Original Loan obligation
Allband Communications Cooperative - Amortization Schedule
RUS Loan

3/1/2017

Principal Balance to Amortize 4,926,117.67

Interest Rate 5%

Original Term # of payments left 115

Original Payment 54,147.17

New Payment after deferral 56,320.27

Payment Due Date	Total Payment	Principal	Interest	Principal Balance
3/31/2017	20,919.13	defer	20,919.13	4,926,117.67
4/30/2017	20,244.32	defer	20,244.32	4,926,117.67
5/31/2017	20,919.13	defer	20,919.13	4,926,117.67
6/30/2017	20,244.32	defer	20,244.32	4,926,117.67
7/31/2017	20,919.13	defer	20,919.13	4,926,117.67
8/31/2017	20,919.13	defer	20,919.13	4,926,117.67
9/30/2017	56,320.27	-	20,244.32	4,926,117.67
10/31/2017	56,320.27	-	20,919.13	4,926,117.67
11/30/2017	56,320.27	-	20,244.32	4,926,117.67
12/31/2017	56,320.27	-	20,919.13	4,926,117.67
2017	349,446.24	-	206,492.06	
1/31/2018	56,320.27	-	20,919.13	4,926,117.67
2/28/2018	56,320.27	-	18,894.70	4,926,117.67
3/31/2018	56,320.27	-	20,919.13	4,926,117.67
4/30/2018	56,320.27	-	20,244.32	4,926,117.67
5/31/2018	56,320.27	-	20,919.13	4,926,117.67
6/30/2018	56,320.27	36,075.95	20,244.32	4,890,041.72
7/31/2018	56,320.27	35,554.34	20,765.93	4,854,487.38
8/31/2018	56,320.27	35,705.32	20,614.95	4,818,782.06
9/30/2018	56,320.27	36,517.06	19,803.21	4,782,265.00
10/31/2018	56,320.27	36,012.02	20,308.25	4,746,252.98
11/30/2018	56,320.27	36,815.12	19,505.15	4,709,437.86
12/31/2018	56,320.27	36,321.29	19,998.98	4,673,116.57
2018	675,843.24	253,001.10	243,137.20	
1/31/2019	56,320.27	36,475.53	19,844.74	4,636,641.04
2/28/2019	56,320.27	38,535.89	17,784.38	4,598,105.15
3/31/2019	56,320.27	36,794.07	19,526.20	4,561,311.08
4/30/2019	56,320.27	37,575.16	18,745.11	4,523,735.92
5/31/2019	56,320.27	37,109.88	19,210.39	4,486,626.04
6/30/2019	56,320.27	37,882.08	18,438.19	4,448,743.96

2019	7/31/2019	56,320.27	37,428.34	18,891.93	4,411,315.61
	8/31/2019	56,320.27	37,587.29	18,732.98	4,373,728.33
	9/30/2019	56,320.27	38,346.04	17,974.23	4,335,382.28
	10/31/2019	56,320.27	37,909.74	18,410.53	4,297,472.54
	11/30/2019	56,320.27	38,659.42	17,660.85	4,258,813.12
	12/31/2019	56,320.27	38,234.90	18,085.37	4,220,578.22
		675,843.24	452,538.35	223,304.89	
2020	1/31/2020	56,320.27	38,446.24	17,874.03	4,182,131.98
	2/29/2020	56,320.27	39,751.71	16,568.56	4,142,380.27
	3/31/2020	56,320.27	38,777.40	17,542.87	4,103,602.86
	4/30/2020	56,320.27	39,502.23	16,818.04	4,064,100.64
	5/31/2020	56,320.27	39,108.91	17,211.36	4,024,991.72
	6/30/2020	56,320.27	39,824.40	16,495.87	3,985,167.32
	7/31/2020	56,320.27	39,443.20	16,877.07	3,945,724.13
	8/31/2020	56,320.27	39,610.24	16,710.03	3,906,113.89
	9/30/2020	56,320.27	40,311.61	16,008.66	3,865,802.28
	10/31/2020	56,320.27	39,948.70	16,371.57	3,825,853.58
	11/30/2020	56,320.27	40,640.54	15,679.73	3,785,213.04
	12/31/2020	56,320.27	40,290.00	16,030.27	3,744,923.04
		675,843.24	475,655.18	200,188.06	
2021	1/31/2021	56,320.27	40,417.17	15,903.10	3,704,505.87
	2/28/2021	56,320.27	42,111.21	14,209.06	3,662,394.66
	3/31/2021	56,320.27	40,767.64	15,552.63	3,621,627.03
	4/30/2021	56,320.27	41,436.87	14,883.40	3,580,190.16
	5/31/2021	56,320.27	41,116.72	15,203.55	3,539,073.44
	6/30/2021	56,320.27	41,776.13	14,544.14	3,497,297.30
	7/31/2021	56,320.27	41,468.73	14,851.54	3,455,828.57
	8/31/2021	56,320.27	41,644.83	14,675.44	3,414,183.74
	9/30/2021	56,320.27	42,289.38	14,030.89	3,371,894.36
	10/31/2021	56,320.27	42,001.27	14,319.00	3,329,893.09
	11/30/2021	56,320.27	42,635.78	13,684.49	3,287,257.31
	12/31/2021	56,320.27	42,360.68	13,959.59	3,244,896.63
		675,843.24	500,026.41	175,816.83	
2022	1/31/2022	56,320.27	42,540.57	13,779.70	3,202,356.06
	2/28/2022	56,320.27	44,037.26	12,283.01	3,158,318.80
	3/31/2022	56,320.27	42,908.23	13,412.04	3,115,410.57
	4/30/2022	56,320.27	43,517.21	12,803.06	3,071,893.35
	5/31/2022	56,320.27	43,275.24	13,045.03	3,028,618.11
	6/30/2022	56,320.27	43,873.89	12,446.38	2,984,744.21
	7/31/2022	56,320.27	43,645.33	12,674.94	2,941,098.89
	8/31/2022	56,320.27	43,830.67	12,489.60	2,897,268.21
	9/30/2022	56,320.27	44,413.69	11,906.58	2,852,854.53
	10/31/2022	56,320.27	44,205.41	12,114.86	2,808,649.12
	11/30/2022	56,320.27	44,777.88	11,542.39	2,763,871.24

2022	12/31/2022	56,320.27	44,583.28	11,736.99	2,719,287.96
		675,843.24	525,608.67	150,234.57	
	1/31/2023	56,320.27	44,772.61	11,547.66	2,674,515.35
	2/28/2023	56,320.27	46,061.85	10,258.42	2,628,453.49
	3/31/2023	56,320.27	45,158.34	11,161.93	2,583,295.15
	4/30/2023	56,320.27	45,703.99	10,616.28	2,537,591.16
	5/31/2023	56,320.27	45,544.20	10,776.07	2,492,046.96
	6/30/2023	56,320.27	46,078.98	10,241.29	2,445,967.98
	7/31/2023	56,320.27	45,933.28	10,386.99	2,400,034.70
	8/31/2023	56,320.27	46,128.34	10,191.93	2,353,906.36
	9/30/2023	56,320.27	46,646.68	9,673.59	2,307,259.68
	10/31/2023	56,320.27	46,522.32	9,797.95	2,260,737.36
	11/30/2023	56,320.27	47,029.57	9,290.70	2,213,707.79
	12/31/2023	56,320.27	46,919.59	9,400.68	2,166,788.20
2023		675,843.24	552,499.76	123,343.48	
	1/31/2024	56,320.27	47,143.98	9,176.29	2,119,644.22
	2/29/2024	56,320.27	47,922.77	8,397.50	2,071,721.44
	3/31/2024	56,320.27	47,546.59	8,773.68	2,024,174.86
	4/30/2024	56,320.27	48,024.47	8,295.80	1,976,150.39
	5/31/2024	56,320.27	47,951.33	8,368.94	1,928,199.06
	6/30/2024	56,320.27	48,417.81	7,902.46	1,879,781.24
	7/31/2024	56,320.27	48,359.45	7,960.82	1,831,421.80
	8/31/2024	56,320.27	48,564.25	7,756.02	1,782,857.55
	9/30/2024	56,320.27	49,013.48	7,306.79	1,733,844.07
	10/31/2024	56,320.27	48,977.49	7,342.78	1,684,866.58
	11/30/2024	56,320.27	49,415.08	6,905.19	1,635,451.50
	12/31/2024	56,320.27	49,394.18	6,926.09	1,586,057.33
2024		675,843.24	580,730.87	95,112.37	
	1/31/2025	56,320.27	49,584.96	6,735.31	1,536,472.37
	2/28/2025	56,320.27	50,426.95	5,893.32	1,486,045.42
	3/31/2025	56,320.27	50,009.67	6,310.60	1,436,035.75
	4/30/2025	56,320.27	50,418.75	5,901.52	1,385,617.00
	5/31/2025	56,320.27	50,436.14	5,884.13	1,335,180.85
	6/30/2025	56,320.27	50,833.23	5,487.04	1,284,347.63
	7/31/2025	56,320.27	50,866.19	5,454.08	1,233,481.44
	8/31/2025	56,320.27	51,082.20	5,238.07	1,182,399.24
	9/30/2025	56,320.27	51,461.10	4,859.17	1,130,938.14
	10/31/2025	56,320.27	51,517.66	4,802.61	1,079,420.49
	11/30/2025	56,320.27	51,884.30	4,435.97	1,027,536.19
	12/31/2025	56,320.27	51,956.76	4,363.51	975,579.43
2025		675,843.24	610,477.89	65,365.35	
	1/31/2026	56,320.27	52,177.40	4,142.87	923,402.03
	2/28/2026	56,320.27	52,778.45	3,541.82	870,623.58

3/31/2026	56,320.27	52,623.10	3,697.17	818,000.48
4/30/2026	56,320.27	52,958.62	3,361.65	765,041.85
5/31/2026	56,320.27	53,071.46	3,248.81	711,970.39
6/30/2026	56,320.27	53,394.36	2,925.91	658,576.03
7/31/2026	56,320.27	53,523.58	2,796.69	605,052.45
8/31/2026	56,320.27	53,750.87	2,569.40	551,301.58
9/30/2026	553,567.20	551,301.58	2,265.62	-

2026

1,679,972.60	1,586,057.33	93,915.28
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Amortization Schedule

Date:	12/23/2016	
Customer:	NEMDD - LEASE #1	
Address:	PO Box 712 Alpena, MI 49707	
Term of Loan:	5 Years	
Interest Rate:	11.00%	APR
Principal Amount:	\$ 71,250.00	
Monthly Payment:	\$ 1,665.66	Final Payment 1/1/22 \$1,665.54

	Date Due	Payment	Interest	Principal	Balance Due
0	01/01/17	-	\$ 193.25	\$ (193.25)	\$ 71,443.25
1	02/01/17	-	\$ 667.46	\$ (667.46)	\$ 72,110.71
2	03/01/17	-	\$ 608.50	\$ (608.50)	\$ 72,719.21
3	04/01/17	1,665.66	\$ 679.38	\$ (482.92)	\$ 73,202.13
4	05/01/17	1,665.66	\$ 661.83	\$ 520.91	\$ 72,681.22
5	06/01/17	1,665.66	\$ 679.02	\$ 986.64	\$ 71,694.58
6	07/01/17	1,665.66	\$ 648.20	\$ 1,017.46	\$ 70,677.12
7	08/01/17	1,665.66	\$ 660.30	\$ 1,005.36	\$ 69,671.76
8	09/01/17	1,665.66	\$ 650.91	\$ 1,014.75	\$ 68,657.01
9	10/01/17	1,665.66	\$ 620.73	\$ 1,044.93	\$ 67,612.08
10	11/01/17	631.66	\$ 631.66	-	\$ 67,612.08
11	12/01/17	-	\$ 611.29	-	\$ 67,612.08
2017	Yearly Total	12,291.28	\$ 7,312.52	\$ 5,590.05	
12	01/01/18	157.61	\$ 631.66	-	\$ 67,612.08
13	02/01/18	650.91	\$ 631.66	-	\$ 67,612.08
14	03/01/18	1,665.66	\$ 570.53	\$ 1,095.13	\$ 66,516.96
15	04/01/18	1,665.66	\$ 621.43	\$ 1,044.23	\$ 65,472.73
16	05/01/18	1,665.66	\$ 591.95	\$ 1,073.71	\$ 64,399.01
17	06/01/18	1,665.66	\$ 601.65	\$ 1,064.01	\$ 63,335.00
18	07/01/18	1,665.66	\$ 572.62	\$ 1,093.04	\$ 62,241.96
19	08/01/18	1,665.66	\$ 581.49	\$ 1,084.17	\$ 61,157.79
20	09/01/18	1,665.66	\$ 571.36	\$ 1,094.30	\$ 60,063.49
21	10/01/18	1,665.66	\$ 543.04	\$ 1,122.62	\$ 58,940.87
22	11/01/18	1,665.66	\$ 550.65	\$ 1,115.01	\$ 57,825.87
23	12/01/18	1,665.66	\$ 522.81	\$ 1,142.85	\$ 56,683.02
2018	Yearly Total	17,465.12	\$ 6,990.86	\$ 10,929.06	
24	01/01/19	1,665.66	\$ 529.56	\$ 1,136.10	\$ 55,546.92
25	02/01/19	1,665.66	\$ 518.95	\$ 1,146.71	\$ 54,400.20
26	03/01/19	1,665.66	\$ 459.05	\$ 1,206.61	\$ 53,193.59



Amortization Schedule

Date:	12/23/2016	
Customer:	NEMDD - LEASE #1	
Address:	PO Box 712 Alpena, MI 49707	
Term of Loan:	5 Years	
Interest Rate:	11.00%	APR
Principal Amount:	\$ 71,250.00	
Monthly Payment:	\$ 1,665.66	Final Payment 1/1/22 \$1,665.54

	Date Due	Payment	Interest	Principal	Balance Due
0	01/01/17	-	\$ 193.25	\$ (193.25)	\$ 71,443.25
1	02/01/17	-	\$ 667.46	\$ (667.46)	\$ 72,110.71
2	03/01/17	-	\$ 608.50	\$ (608.50)	\$ 72,719.21
3	04/01/17	1,665.66	\$ 679.38	\$ (482.92)	\$ 73,202.13
4	05/01/17	1,665.66	\$ 661.83	\$ 520.91	\$ 72,681.22
5	06/01/17	1,665.66	\$ 679.02	\$ 986.64	\$ 71,694.58
6	07/01/17	1,665.66	\$ 648.20	\$ 1,017.46	\$ 70,677.12
7	08/01/17	1,665.66	\$ 660.30	\$ 1,005.36	\$ 69,671.76
8	09/01/17	1,665.66	\$ 650.91	\$ -	\$ 69,671.76
9	10/01/17	1,665.66	\$ 629.91	\$ -	\$ 69,671.76
10	11/01/17	-	\$ 650.91	\$ -	\$ 69,671.76
11	12/01/17	-	\$ 629.91	\$ -	\$ 69,671.76
2017	Yearly Total	11,659.62	\$ 7,359.56	\$ 3,530.37	
12	01/01/18	157.61	\$ 650.91	\$ -	\$ 69,671.76
13	02/01/18	650.91	\$ 650.91	\$ -	\$ 69,671.76
14	03/01/18	1,665.66	\$ 587.92	\$ 1,077.74	\$ 68,594.01
15	04/01/18	1,665.66	\$ 640.84	\$ 1,024.82	\$ 67,569.19
16	05/01/18	1,665.66	\$ 610.90	\$ 1,054.76	\$ 66,514.43
17	06/01/18	1,665.66	\$ 621.41	\$ 1,044.25	\$ 65,470.18
18	07/01/18	1,665.66	\$ 591.92	\$ 1,073.74	\$ 64,396.44
19	08/01/18	1,665.66	\$ 601.62	\$ 1,064.04	\$ 63,332.40
20	09/01/18	1,665.66	\$ 591.68	\$ 1,073.98	\$ 62,258.43
21	10/01/18	1,665.66	\$ 562.88	\$ 1,102.78	\$ 61,155.65
22	11/01/18	1,665.66	\$ 571.34	\$ 1,094.32	\$ 60,061.33
23	12/01/18	1,665.66	\$ 543.02	\$ 1,122.64	\$ 58,938.69
2018	Yearly Total	17,465.12	\$ 7,225.35	\$ 10,733.07	
24	01/01/19	1,665.66	\$ 550.63	\$ 1,115.03	\$ 57,823.67
25	02/01/19	1,665.66	\$ 540.22	\$ 1,125.44	\$ 56,698.22
26	03/01/19	1,665.66	\$ 478.44	\$ 1,187.22	\$ 55,511.00

Lease 1 Equipment

29' Delta Goose Neck	\$ 8,000.00
Great Lakes Reel Trailer	\$ 1,250.00
Level 6 Splicing Trailer	\$ 11,000.00
Fujikura 60S Splicer	\$ 6,000.00
Vermeer Flextrak 75	\$ 16,000.00
2007 Chevy Silverado Diesel	\$ 29,000.00

\$ 71,250.00
